

CANADIAN NORTHERN RAILWAY ACQUISITION BILL.

DEBATE ON MOTION FOR SECOND READING AND PROPOSED AMENDMENT.

The Senate resumed from September 6 the adjourned debate on the motion of Hon. Sir James Loughheed that Bill 125, an Act providing for the acquisition by His Majesty of the Capital stock of the Canadian Northern Railway company, be now read a second time, and the motion in amendment of Hon. Mr. Bostock.

Hon. Sir MACKENZIE BOWELL: Honourable gentlemen, before the honourable gentleman commences his speech, with his permission, I would like to put a question to the leader of the Government in this House. In this Bill reference is made to an agreement which is to be entered into with regard to the arbitrators. I would like to ask the leader of the Government in this House whether it is the intention of the Government, when they enter into the agreement which is proposed, to fix a maximum amount to be paid by the Government in payment for the stock; and also, may I ask whether it is the intention to take steps in order to ascertain the liabilities which are not disclosed, if any, to the arbitrators. I think an answer to this question will assist very materially in considering the nature of the agreement into which they may enter, and may throw some light upon the provisions of this Bill.

Hon. Mr. DANDURAND: Will the honourable gentleman repeat the first question?

Hon. Sir MACKENZIE BOWELL: I asked as to whether it was the intention of the Government to fix a maximum amount to which the arbitrators would be restricted. That is a question which has been raised, not only in the discussion here, but also by many members of the other House in discussing the provisions of this Bill. I think that if the members of this House were in possession of that information it would enable them to come to a better conclusion as to the merits of the Bill.

Hon. Sir JAMES LOUGHEED: I am very glad that the honourable gentleman from Hastings (Hon. Sir Mackenzie Bowell) has asked this question, and I therefore answer it. I may say that the Government, upon entering into the agreement provided for in the Bill, will fix a maximum amount to be paid for the stock, and will further provide, of course, that the fixing of the amount

Hon. Mr. CHOQUETTE.

shall not be taken into consideration by the arbitrators as an element in fixing the value, if any, of the stock to be acquired. As to the second question, I may say that the Government will provide in the agreement that any obligations of the company not disclosed to the arbitrators will, upon being established as valid claims, within a period to be fixed after the award is accepted, be paid out of the money so awarded, if any.

Hon. RAOUL DANDURAND: Honourable gentlemen, as representatives of the people of Canada we are discussing a contract to be entered into with the Canadian Northern Railway company and its principal shareholders, Messrs. Mackenzie and Mann, with the view of solving the difficulties that apparently confront that company. We represent one of the parties to the contract to be entered into, and that party, the people of Canada, stand towards the other contracting party as the second mortgagees of the property of the company, which has been mortgaged for the guarantee of loans which the company has negotiated. As second mortgagees we have to protect the sum of \$119,000,000. Ranking before the second mortgages stand first mortgages to the amount of \$107,000,000. The total amount which we have to protect is the sum of \$226,000,000. If that were the clear and absolute situation, not complicated by other conditions, the problem would be quite easy of solution. But behind those mortgage claims there are other claims to the amount of \$350,000,000 and over. At this stage it would appear that the company is unable to meet its liabilities. I say it would appear, because we have no official statement from the company that it is in default. If it were established either by document emanating from the company, or by some official act of default, that the company is unable to meet its liabilities, then we would be face to face with the alternative of allowing the company to fall into the hands of a receiver or of accepting some such proposition as the one before us, or that which was agreed upon between the parties in 1914, when the Government made to the company a loan of \$45,000,000.

This great responsibility which confronts us is one which we must not approach lightly. Can we afford at this time to assume a debt of from \$550,000,000 to \$600,000,000, and add it to the funded debt of Canada? It seems to me that we should be slow in involving the country in an increase of its liabilities to that extent. Last evening the hon. senator for De Salaberry (Hon. Mr. Bériquet), following the senator for De La-